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7
8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10

11 NORCA INDUSTRIAL, LLC, a New York
Limited Liability Company,

12 Plaintiff,

13 vs.

14 ROBERT WREN, an individual;
15 PRIMROSE METALS, INC., a California
corporation; RICHARD RAYBIN, an
16 individual; LIFETIME CAPITAL GROUP,
an unknown entity; VICTORIA
17 PICLOTTI, an individual,

18 Defendants.
19

Case No. C 07 3425 EDL

Ex Parte Date: July 3, 2004
Ex Parte Time: 3:30 p.m.
Ex Parte Dep't.: 9

**DEFENDANTS' OPPOSITION
TO PLAINTIFF'S EX PARTE
APPLICATION FOR
TEMPORARY RESTRAINING
ORDER AND ORDER TO SHOW
CAUSE RE PRELIMINARY
INJUNCTION**

Complaint Filed: June 29, 2007

20 **I. INTRODUCTION**

21 This lawsuit is nothing more than a misguided, overzealous, and illegitimate
22 effort to eradicate lawful competition by Defendant Robert Wren ("Wren")¹. Wren
23 was a former key employee of Plaintiff Norca Industrial, LLC ("Norca"). He was
24 terminated from Norca, and he is now aggressively pursuing his profession and
25 livelihood based on his knowledge and experience gained over 20+ years in the

26 ¹ Defendant Victoria Picolotti, for all relevant times, is Wren's executive
27 assistant and has no direct involvement in Norca's allegations. Wren has asked
28 twice now that she be dismissed from this lawsuit. Norca has not replied.

1 boiler tube industry. The boiler tube business was a book of business Wren brought
2 to Norca. Prior to March 2000, Norca did not have a boiler tube business at all, and
3 Norca did not conduct business in South Korea. With what he brought to Norca,
4 Wren is lawfully seeking the opportunities he furthered at Norca, but which he is
5 now pursuing outside of Norca following his termination.

6 Norca's application primarily seeks to prevent Wren from doing business
7 with Changwon, a boiler tube manufacturer in Korea with whom Norca claims to
8 have an "exclusive" relationship. Not only does Norca have no evidence of any
9 such exclusive relationship with Changwon, it would be impossible for one to exist
10 given the complicated and competitive nature of the Korean boiler tube
11 manufacturers. [See Wren Decl, at paragraph 7]. Moreover, Norca represents
12 various manufacturers located in China.

13 Norca's *Ex Parte* Application fails to establish the essential elements for the
14 issuance of a Temporary Restraining Order ("TRO"), specifically, immediate and
15 irreparable harm and the likelihood of success on the merits [*FRCP* 65(b)], based
16 on the following:

17 1. Norca has not and cannot establish through actual evidence that the
18 information it alleges Wren misappropriated is confidential and a protectable trade
19 secret belonging to Norca. Norca's application is based entirely on conclusions and
20 "because-I-said-so" allegations.

21 2. Wren never entered into a non-solicitation agreement with Norca.
22 Norca's after-the-fact attempt to enjoin him from fairly and lawfully competing in
23 the business he's developed over 20+ years is without merit.

24 3. Plaintiff's proposed TRO is unconscionably overbroad. Norca's
25 proposal serves to do nothing more than force Wren to sever personal friendships
26 and longstanding business relationships he developed well prior to joining Norca,
27 unfairly restrict his ability to earn his living, and unfairly restrict his ability to
28 service clients who have contacted him of their own choice.

1 Norca's *Ex Parte* Application should be denied because Norca fails to show
 2 that it would likely prevail on the merits and because Norca cannot show any
 3 immediate irreparable harm.

4 **II. NORCA'S REQUEST FOR A TRO IS UNSUPPORTED BY ANY**
 5 **EVIDENCE AND IS BASED ENTIRELY ON CONCLUSIONS;**
 6 **NORCA HAS FAILED TO SATISFY ITS BURDEN FOR THE**
 7 **ISSUANCE OF A TEMPORARY RESTRAINING ORDER.**

8 A party seeking a temporary restraining order must make a persuasive
 9 showing of irreparable harm and likelihood of prevailing on the merits. *New Motor*
 10 *Vehicle Bd. Of California v. Orrin W. Fox Co.* (1977) 98 S.Ct. 359, 434 U.S. 1345,
 11 54 L.Ed.2d 439. A TRO may be granted only when a plaintiff demonstrates
 12 substantial likelihood of success on the merits, that irreparable injury will result in
 13 the absence of the requested relief, that no other parties will be harmed if temporary
 14 relief is granted, and that public interest favors entry of a temporary restraining
 15 order. *FRCP* 65(b); *The Nation Magazine v. Dept. of State* (D.D.C. 1992) 805
 16 F.Supp. 68; see also *Korean Philadelphia Presbyterian Church v. California*
 17 *Presbytery* (2000) 77 Cal.App.4th 1069, 1084 (the threat of "irreparable harm"
 18 must be *imminent*, as opposed to the mere possibility of harm some time in the
 19 future).² In short, a TRO is an extraordinary remedy that will be granted only in
 20 cases where the need for immediate relief is clear. [See CA Practice Guide, Federal
 21 Civil Procedure Before Trial (2007 ed.), at 13:6]. Here, Norca can satisfy none of
 22 these criteria.

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 26 ² Norca concedes in its Complaint that it first discovered the alleged
 27 wrongdoings of Wren on June 6, 2007, but it waited almost a month to bring this
 28 application, evidencing that exigent circumstances do not exist.

1 A. Norca Has Not Demonstrated The Existence Of Any Protectable
 2 Trade Secret.

3 California has adopted, with minor modifications, the Uniform Trade Secrets
 4 Act, at *Civil Code* Section 3426.1 *et seq.* (“UTSA”). *AT&T Comms. of California,*
 5 *Inc. v. Pacific* (9th Cir. 2000) 238 F.3d 427. Misappropriation requires
 6 “acquisition” or “disclosure or use” of “a trade secret,” under *Civil Code* Section
 7 3426.1(b). Thus, before the Court determines whether a defendant committed
 8 misappropriation, it must determine whether the information at issue qualifies as a
 9 trade secret. *MAI Systems Corp. v. Peak Computer, Inc.* (9th Cir. 1993) 991 F.2d
 10 511, 520. Norca must establish, with actual evidence, that Wren has been unjustly
 11 enriched by the improper appropriation, use, or disclosure of a “trade secret.” The
 12 UTSA defines a “trade secret” as information, including a formula, pattern,
 13 compilation, program, device, method, technique, or process that:

14 (1) derives independent economic value, actual or potential, from not
 15 being generally known to the public or to other persons who can obtain economic
 16 value from its disclosure or use and

17 (2) is the subject of efforts that are reasonable under the circumstances to
 18 maintain its secrecy.

19 Measured by this two-prong test, Norca’s alleged confidential information
 20 does not meet the statutory requirements. Norca’s trade secret misappropriation
 21 claim rests upon the client identities and client-specific information allegedly
 22 belonging to Norca. These allegations, made almost entirely on information and
 23 belief, are unsupported by any actual evidence. Instead, the trade secret claim is
 24 based entirely on conclusions and “because-I-said-so” allegations.

25 The burden of proof on the existence of a trade secret rests with the party
 26 asserting it. *Cf. Tele-Count Engineers, Inc. v. Pacific Tel. & Tel. Co.* (1985) 168
 27 Cal.App.3d 455, 463. Norca never takes up that burden. The application simply
 28

1 concludes that its so-called client and prospective client lists and its purportedly
2 proprietary software are “trade secrets.” That is not the case.

3 At this point, Norca’s claims are based on suspicions and conjecture. Norca
4 fails to proffer any evidence of (1) the existence of a protectable trade secret, (2)
5 that it was misappropriated, and (3) that Wren profited from its unlawful use.

6 **B. Norca’s Supposed Confidential Information About Pricing,**
7 **Shipping, and Manufacturing Facilities, Including Information**
8 **Regarding Changwon, Is All Publicly Available As Current And**
9 **Detailed Information On The Internet.**

10 Norca cannot overcome the fact that all of the information it claims is a
11 protectable trade secret is, in reality, broadly available through the Internet. [See
12 Wren Decl., at paragraph 17.] Wren uses the Internet extensively as his chief
13 market resource for information identifying and evaluating both potential buyers
14 and sellers of boiler tube products. Simply, the Internet contains the specific
15 information that Norca presumes to call its own “trade secrets.” Wren’s business is
16 not conducted by reference to any documents pilfered from Norca. Rather, because
17 such information is either generally known to the public or is readily ascertainable
18 to persons in the boiler tube business, it is not a protectable trade secret. *American*
19 *Paper & Packaging Products, Inc. v. Kurgan* (1986) 183 Cal.App.3d 1318, 1326
20 (customer lists and related information not trade secret where “lists of customers
21 who operate manufacturing concerns and need shipping supplies to ship their
22 products to market, may not be generally known to the public, they certainly would
23 be known or readily ascertainable to other persons in the shipping business.”)

24 Further, with the Internet, it does not, as Norca presumes, take years and
25 expensive efforts to build and maintain a client base. To the contrary, with the tools
26 of the Internet and the knowledge gained over 20+ years of experience in the boiler
27 tube industry, all useful information is *immediately accessible*. Norca cannot seek
28 to snuff-out legitimate competition by insisting that it holds a protectable trade

1 secret to this publicly-available information. Norca is fooling itself and inviting the
2 Court to indulge in its false claims all to the end of improperly restraining its
3 competition. Just as Norca developed its boiler tube business in Korea by hiring
4 Wren, when Wren brought his \$22-million book of business to Norca in March
5 2000, Wren should be able to conduct his business by utilizing his 20+ years of
6 experience, knowledge, and contacts generated during that time.

7 **C. Norca Has Not Demonstrated Reasonable Efforts At Maintaining**
8 **Secrecy As To Any Information It Claims Is A Trade Secret.**

9 Norca has made no credible showing that the purported trade secrets are the
10 subject of efforts that are reasonable under the circumstances to maintain its
11 secrecy. In fact, Norca has taken virtually no steps to safeguarded its alleged client
12 “database” it contends is among its most precious secrets. Specifically, Norca does
13 not have its employees sign any trade secret acknowledgement agreements or any
14 non-disclosure agreements. Norca allows its employees to remotely access its
15 network, which purportedly contains all of its precious trade secrets, from any
16 public location, like a Wifi-available coffee shop, for example. Tellingly, Norca
17 has not produced its allegedly protected “client list,” presumably because none
18 exists.

19 **III. WREN HAS NOT UNLAWFULLY SOLICITED ANY**
20 **CUSTOMERS OF NORCA, INCLUDING CHANGWON.**

21 Norca further complains that Wren has contacted some of the customers with
22 whom he worked while employed by Norca and, therefore, he must have
23 misappropriated Norca’s client information. Nonsense. Wren has not diverted any
24 sales from Norca. To the contrary, he has directed customers with existing orders
25 as of the date of his termination from Norca to communicate directly with Norca.
26 [See Wren Decl., at paragraph 13]. Further, Wren did not initiate calls or solicit
27 Norca’s customers. Rather, these customers and potential customers contacted
28

1 Wren directly after learning that he was terminated by Norca, a fact that Norca's
2 Selim Bahar was not abashed about publishing internationally.

3 Norca additionally ignores the well-established law that "[o]ne may do
4 *business with a former employer's customers with whom one became personally*
5 *acquainted and developed a business relationship while formerly employed.*"
6 *Moss, Adams & Co. v. Shilling* (1986) 179 Cal.App.3d 124, 128-29 (citations
7 omitted) (emphasis added). As the Court of Appeal noted,

8 "in *Avocado Sales Co.* it was lawful for a salesman to sell avocados to
9 retail customers whom the salesman had serviced for a former
10 employer, 'thereby making personal friends and acquiring a personal
11 knowledge of his customers. . . .' [Citation.] The court quoted a New
12 York decision for the proposition that '*Equity has no power to compel*
13 *a man who changes employers to wipe clean the slate of his*
14 *memory.*' [Citations.]"

15 *Moss, Adams & Co.*, 179 Cal.App.3d at 129 (emphasis added).

16 Here, Wren developed and established all of his business contacts long
17 before he became employed by Norca. [See Wren Decl. at paragraphs 3-5]. Norca
18 cannot lay claim to Wren's knowledge and expertise developed prior to his tenure
19 at Norca. Norca, also, cannot force Wren to undergo a lobotomy or other procedure
20 whereby his memory and knowledge are completely erased just because he was
21 terminated from Norca's employment or just because he elected to fairly and
22 lawfully compete with Norca in the boiler tube business.

23 Further, the announcement that Wren delivered to his business friends and
24 longtime business contacts is not a solicitation. While poorly worded, which was
25 shortly thereafter changed to correct the poor wording, it was sent by e-mail to
26 approximately 30 business friends whom Wren developed before joining Norca.

27 IV. NORCA'S PROPOSED TRO IS UNCONSCIONABLY 28 OVERBROAD.

29 Norca's proposed injunction is improper because of its after-the-fact nature.
30 The proposed injunction is not restricted to protection of trade secrets but seeks to
31 prohibit solicitation of *any* of Norca's current or "prospective" clients on behalf of

1 any competitor. Such a broad limitation is unlawful. *Gordon Termite Control v.*
2 *Terrones* (1978) 84 Cal.App.3d 176, 179 (refusing to enforce an agreement
3 prohibiting an employee from calling on any accounts he had called on while with
4 former employer, finding “knowledge of potential customers . . . is not a trade
5 secret”)

6 Specifically, taking Norca’s proposed TRO item by item:

7 (1) Wren cannot be enjoined from *lawfully* “contacting, obtaining quotes,
8 contracting with, accepting deliveries from, or doing business with Changwon” or
9 any other vendor.

10 (2) None of the information that Norca seeks to prevent Wren from
11 “disseminating, disclosing, or using” is a protectable trade secret.

12 (3) Because Norca has no evidence it maintains a “confidential list of
13 customers and suppliers,” the Court cannot enjoin Wren from contacting or
14 soliciting these unidentified companies.

15 (4) Wren already revised and re-sent the announcement that previously
16 stated Primrose Metals, Inc. (which is not Wren’s company) “replaced” Norca.

17 (5) Wren has directed all customers of Norca predating his termination
18 from Norca to communicate directly with Norca. He has not diverted any orders.

19 (6) Wren already changed the telephone numbers in his new office.

20 In short, Norca cannot now seek to impose limitations on Wren’s post-
21 employment activities that it could have sought to impose by contract during his
22 employment with Norca. Otherwise, Norca would obtain the benefit of a
23 contractual provision it did not pay for. On the other hand, Wren will be unfairly
24 bound by a court-imposed contract provision without having had the opportunity to
25 negotiate terms or obtain consideration. Instead of bargaining for limited, possibly
26 valid, non-solicitation and non-compete contractual limitations, Norca seeks to
27 impose through its proposed injunction overly broad limitations on Wren after the
28 fact.

1 In addition, if Wren is restricted in his business activities, legitimate
2 competition will be hampered. Customers will not have the benefit of several
3 traders from whom they can obtain quotes on boiler tubes from various Asian
4 manufacturers. By allowing free competition, competitiveness and customer
5 benefits are achieved.

6 V. IF THE COURT IS INCLINED TO ISSUE A TEMPORARY
7 RESTRAINING ORDER, IT SHOULD IMPOSE A SUBSTANTIAL
8 BOND

9 No party may be granted a TRO or preliminary injunction without first
10 posting security "*in such sum as the court deems proper* for the payment of such
11 costs and damages as may be incurred or suffered by any party who is found to
12 have been wrongfully enjoined." *FRCP* 65(c) (emphasis added). Although the
13 amount of the bond is discretionary, the court's failure to require a bond upon
14 issuing injunctive relief is reversible error. *Hoechst Diafoil Co. v. Nan Ya Plastics*
15 *Corp.* (4th Cir. 1999) 174 F.3d 411, 421.

16 The purpose of the bond requirement is threefold: (1) to discourage the
17 moving party from seeking preliminary injunctive relief to which it is not entitled;
18 (2) to assure the court that if it errs in granting such relief the moving party rather
19 than the wrongfully-enjoined party will bear the cost of the error; and (3) to provide
20 a wrongfully-enjoined party a source from which it may readily collect damages
21 without further litigation and without regard to the moving party's solvency.
22 *Nintendo of America, Inc. v. Lewis Galoob Toys, Inc.* (9th Cir. 1994) 16 F.3d 1032,
23 1037. The amount of the bond will not be reviewed on appeal except for abuse of
24 discretion. *GoTo.com, Inc. v. Walt Disney Co.* (9th Cir. 2002) 202 F.3d 1199,
25 1211.

26 Wren will be substantially harmed by a TRO. Specifically, he would be
27 prevented from conducting his business and earning a living. A bond in the amount
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1 of at least \$1,000,000 should be imposed pending a hearing on the OSC re
2 Preliminary Injunction.

3 VI. CONCLUSION

4 Based on the foregoing, Defendants Wren and Picolotti respectfully request
5 that the Court deny Norca's *Ex parte* application for a TRO. If, however, the Court
6 grants the application, the Court should impose a bond in the amount of at least
7 \$1,000,000 pending a hearing on the OSC re Preliminary Injunction.

8
9 Dated: July 3, 2007

STONE ROSENBLATT & CHA
A Professional Law Corporation

10
11
12 By: 

Brent M. Finch
Attorneys for Robert Wren and
Victoria Picolotti

Norca Industrial, LLC v. Robert Wren, et al.

PROOF OF SERVICE
STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is: 21550 Oxnard Street, Main Plaza, Suite 200, Woodland Hills, California.

On July 3, 2007, I served the foregoing document described as:

DEFENDANT'S OPPOSITION TO PLAINTIFF'S EX PARTE APPLICATION FOR TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE

ON ALL INTERESTED PARTIES in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at: WOODLAND HILLS, CALIFORNIA addressed as follows:

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☐ (BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Woodland Hills, California.

☒ (BY E-MAIL) I caused such document to be e-mailed to the addressee.

☐ (BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.

☐ (BY EXPRESS MAIL, CCP 1013(c,d) I caused such envelope with postage thereon fully prepaid to be placed in the box regularly maintained by the express service carrier, Federal Express, at 21550 Oxnard Street, Suite 200, Woodland Hills, California, copies of the routing slips attached hereto.

☒ Executed on July 3, 2007 at Woodland Hills, California.

☒ (STATE) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (FEDERAL) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.


CHANTAL GONZALEZ